App. F. IX-4

Preserve

1929-30 (G.7)

File No. 41-29

Serial Nos. 1 2

Previous References

C.-2-41-29-20-7 [illegible]

C.-2-52-2841/32

Letter References.

C.-2-41-29/83705

C.-2-(7)-36

Legis 1-381-(A)

B&T 26-52-3.4

GENERAL AND REVENUE SECRETARIAT.

Serial Nos. 1 2

Part B for March 30

SUBJECT.

Introduction of "Savings Bank Certificates" as an adjunct to Government Savings Banks.

H 6009 of 10-3-30 to the Comptroller.

WD 0418—GPB—22,500—29-8-36

Approves of the Comptroller's suggestions in the above.

Serial No.	
1	Note No 46/S B of 3.8.29 from the Comptr submitting proposals for the introduction of a system of Treasury Cash Certificates
	It seems desirable that remarks written Please put up a draft order with all speed. The scheme may be brought into effect from 1.9.29 if possible"
2	Submitted in the draft accordingly. Reference is also invited to the suggestion of the Comptr at para 5 of his letter in Govt 83-27-5 & to the 16 members' opinion in G.O. 210-27-3 re making the Certificates payable to bearer. The question of proper & wide spread publicity to the scheme after it receives has to be considered.
3	Permission may also perhaps be given to divert to the scheme the money at the Credit of P.S. Accounts to such of those as so choose. The application of the Savings Bank also may be thrown in, if approved. 30/8.
4	Draft as in above.

Secy 15/8/29

The question of introducing the system of issue of Cash Certificates from all Treasuries on the lines of the Postal Cash Certificates has been under consideration for some time. The proposal has received the approval of the Finance Committee.

Note—Contn. Sheet

WD 01694—GPB—30,000—20-1-29

Serial No.

6 The experiment of taking Five year Fixed Deposits in our Savings Banks has been successful and as pointed out by the Comptroller it is desirable to adopt the system of Cash Certificates also as a complement to the other scheme. Suggestions for the issue of the Cash Certificates have been received from various quarters and the question was discussed at one of the Officers' Meetings also. I believe The Comptroller's proposal may be approved.

7 As proposed by him it is desirable to improve upon the Government of India rates in respect of repayments at intermediate periods ie., before the expiry of the maximum period of five years. This proposal may also be approved.

8 In para 16 of the note the Comptroller suggests for consideration that after the introduction of the Cash Certificates, (1) a limit may be fixed for the maximum amount that a depositor may have at his credit in the ordinary Savings Bank Account and (2) the rate of interest for yearly deposits be reduced from 4½ to 4%. I think these points may be reserved for separate consideration.

9 A draft order is put up for consideration.

10 Comal matter

(Sd- member Dewan) 13/8/29

4 This is one of the measures for affording facility for investment to the public and I agree that it should be adopted early. But there are some connected points for consideration.

10/9/29 IJP

WD 01684—GPB—30,000—29-4-29

Serial No.

~~The~~ results of the Capital policy followed in the last few years, the existing position is examined and the principles to be followed in the future to prevent any adverse effect of the Capital budget on the revenue budget are laid down and rigorously enforced. After this step is taken it will be possible to control the employment of loan funds and the question of issuing Treasury Certificates as one means of raising such funds and also of promoting thrift and encouraging ~~and~~ the investment habit may be seriously considered—

pmch
20.8.29

W

To Comptroller with compliments in favour of perusal.

B I shall be much obliged if information on the points at A in the heading sheet be kindly collected from the books and early furnished for further investigation on the lines indicated above.

L.
21.8.29
AG

P. T. O.

COMPTROLLER'S OFFICE
21 AUG. 1929
M.G. 116
BANGALORE.

22/8/29

Note—Contn. Sheet

WD 01684—GPB—30,000—29-4-29

Serial No. 14888

Fr. O. No. 23/9/29

S

Fr. O. No. 600 Books 21—9—29

14 Returned with compliments.

16 2. A statement as required at 'A' is put up.

16 3. I may however, state that the present cash balance is very low and requires strengthening apart from getting funds for financing -- Capital Works. It has been calculated that the Cash balance on 1st July should be about 120 to 130 lakhs to carry us through the year without the necessity of temporarily borrowing during the lean months of the year. As the expected Cash balance on 1st July 1930 is 70 lakhs, an additional 60 lakhs would be welcome for merely strengthening the Cash balance. It need not however be apprehended that the temporary -- surplus Cash balance would be lying idle in the Treasuries as nowadays means of temporary -- investment of such funds are easily found in the shape of Treasury Bills and Fixed Deposits with Banks.

17 4. There is therefore no reason to fear that the proceeds of the Cash certificates may not be really required and may be made use of for doubtful Capital Expenditure. Further, if at any time it is found that the yield from this source is too large the remedy is easily applied by reducing the rate of interest for further issues and thus discouraging further receipts.

I wanted to see

S. Chandrasekhar
Comptroller.

(SD) 12

1929

NG.

Note—Contn. Sheet

WD 01684—GPB—30,000—20-4-29

Serial No.

Reference Members Minutes at para 11 ante.

18 Even Assuming that the incomings through the Cash Certificates are not diverted to any Capital Expre, the Compte states in his note that the money will be used for routine ~~borrowing~~ Resource operations. In this event a few points arise for Consideration

19 The interest proposed to be allowed is 5½ % and the inflow of money may be expected to be fairly high. For meeting the interest demand, due provision has to be made under "Interest on Obligations". Whether this will not reflect upon the Revenue Budget is for Consideration.

J Under Cir. No H. 1265/CR 31 12-1 of 4.9.22, the proportion of liability to be maintained in the form of easily marketable securities in respect of S.B. Deposits is 50%. Para 3 says, a sufficient reserve may have to be maintained against the investments on these Certificates also. Whether such a measure will not act as a clog on the Reserve Operations, to facilitate which these Certificates are proposed to be floated is another point for Consideration before

WD 01684—GPB—30,000—20-4-29

General and Revenue Secretariat. | File No. of 192 .

Serial No.

embarking on the Scheme.

Noted for orders

28/7/29

28/7/29 The Comptroller says that it is necessary to replenish cash balance of Treasuries & that this expedient ~~of the~~ is necessary the placing Treasury bills in British ~~& Dominion~~ this for that purpose & that first. leave the option to close it at any time they need. There are ~~some~~ points requiring notice in this connection & one of these is that the Discount rate of the Bank of England has gone up to 5½ p. c. what repercussions this will have on the Indian monetary position it is too early to say. It is however noteworthy that the Securities prices have also depreciated in England with the simultaneous tightening of the English & Indian money markets. the rate of interest is likely to go up. Whether under such contingencies the adoption of the Certificates will yield much relief to the position of resources is largely a matter of speculation: When the cash position is also strengthened by the adoption of this process, whether it is so, what portion of this Savings will remain as an addition to our balances & what portion is likely to be drawn upon has also to be settled. In view of the fact that interest liabilities on this account will appear in the Revenue budget only when the Certificates are cashed, what percentage of sterling reserves should be held as would show the interest liability provided for in the Revenue budget requires also to be settled.

AD 28/7/29

H Deey

NOTE—Contn. sheet.

WD 066—GPB—30,000—26-7-29

P. T. O

Serial No.

Issue of Treasury Cash certificates.

26 An extract from the Council Resolution dt 15th Novr 1929 approved by H.H. bearing on the above subject is reproduced here -

"The compulsory proposal to issue Treasury Cash certificates on the lines of the British Indian Postal Certificates may be considered as part of the Scheme for raising funds for Capital purposes".

27 The Treasury Cash position is not satisfactory - It will very greatly help the Capital finance if the Scheme of issue of Cash certificates for the country should attract new money - The effective rate of interest on 5 year deposits in these certificates is 5¼ p.c.

28 I would earnestly request that the compulsory proposal be sanctioned - The experiment deserves a trial.

Resubmitted for orders.

(5th mention)

4.1.1930.

Am 1

3988/31

29

The Scheme proposed and approved may be brought into effect as soon as arrangements can be made to do so.

(1)

2. I think it necessary to introduce some features which are an improvement on Postal Certificates to induce the public to prefer our Certificates and what these features should be have to be settled - I would call the name 'Mysore Govt Savings Certificates' be better than 'Treasury Cash Certificates' for these investment bonds?

(2)

(3)

NOTE—Contn. sheet

WD 1214—GPB—500—21-10-28

Serial No.

(4) It is proposed to introduce this Scheme Soon as the Treasury Cash position is unsatisfactory. Is it then meant that the proceeds from this Source are to be Spent away for one purpose or another? In his note of 10-10-29 the Financial Secretary proposed that all the amount obtained from the Sale of these Certificates should be reserved & invested. The Situation created by a large load of Call liabilities Without adequate resources to meet possible demands is already a difficult one and the best precautions have to be taken to prevent its growing Worse.

MMC
5/11/30

3 (1) (2) and (3) - I have revised the draft according to the above instructions. If approved, the Comptroller will be consulted before issue of orders re: No. (2) particularly.

4 No. (4) - As regards this, the main object in introducing the Cash Certificate Scheme is to strengthen the treasury position. The restoring of the liquid reserve to the standard as recently approved by Government with some little modification in the percentages prescribed in the order of 1922 should be the primary consideration in the preparation of our Ways and Means Estimates in future and till the contemplated position is reached, all the new money obtained from the sale of these certificat

WD 01684—GPB—30,000—20-4-29

Serial No.

should be reserved and invested. I am submitting separately a draft amending the Government Order of 9th September 1922 and I wish to propose therein that the whole amount obtained from the sale of these certificates should be invested during the next three years. The 50 per cent applicable to Savings Bank Deposits will not apply in the meantime.

First Member.) 8.1.30

OFFICE OF THE FIN... COUNCIL
9 JAN. 1930
No. 3975

33 Seen. Thanks. I think it will be well to issue the proposed order after consulting the Comptr regarding the point referred to at A and indicating in it in general terms the special features of our certificates

9-1-30

34 To Comptroller with Compliments. 9.1.30

No. 210-72/30
10-1-30.
COMPTROLLER'S OFFICE
TADAL
10 JAN. 1930
343
BANGALORE

35 Returned with compliments.

2. There are already some features in the proposed scheme which are an improvement over the British Indian Postal Certificates, Viz.,

(1) Though the issue price is proposed to be fixed as that of the Postal Certificates, the amounts allowed to be repaid for intermediate periods will be slightly more than those allowed in the Postal Depart-ment.

(2) While no interest is allowed in the Postal ~~De-~~

Fr. O. 35-8 Spl
18.2.30.
Yes. These are incorporated in the draft.

Note—Contn. Sheet

Serial No.

Department in respect of certificates surrendered within one year, small interest is proposed after six months.

(3) With the special sanction of the Comptroller, Savings Certificates for more than Rs 10,000 are proposed to be issued subject to the condition that their repayment within 5 years would be allowed only in exceptional cases.

Other small improvements which may be considered in this connection are.-

May be accepted by

(a) Facilities for issue and discharge of these certificates through Savings Banks Collectors wherever they now exist and to be newly appointed in places where they may be usefully employed on the works relating to these certificates and the Savings Bank Deposits.

(b) Form of certificates in Kanada or both in Kanada and English (bilingual).

(c) Accepting them for payment of Government dues like Land Revenue, Income Tax &c.

86 3. The following are some suggestions which require detailed examination before adoption but which, nevertheless, deserve consideration in connection with this scheme when it becomes popular and it is considered necessary to further extend its popularity. They involve principles which, doubtless, have been carefully considered in British India and elsewhere and possibly not found feasible of adoption.

(a) The holder of a Postal Cash Certificate may

NOTE—Contn. sheet

Serial No.

may transfer it to another person only with the previous permission of the Head Post Master and in this case a fresh certificate is issued. We may permit such transfers by mere endorsements, the transfers being limited to two.

(b) For the transfer of the Postal Cash Certificates from one Post Office to another, the holder is ordinarily required to present it at the issuing Post Office. In Mysore, the Savings Certificates of small value may be permitted to be presented for discharge at any treasury ~~subject to the conditions~~ provided the identity of the holder is clear and there are no doubtful points.

37 ~~4.~~ The name may be changed as suggested by the Member. The special features mentioned above which make ~~our~~ our issue more attractive than the Government of India Postal Certificates may be mentioned in the proposed draft order itself.

V. Shamanna
Comptroller. 8/2/30

8-2-30

38 Para 3 (a) of Comptroller's note: Whether the terms of the Registration Instrument Regulation can be extended to such certificate issued under the Savings Bank Act requires the opinion of the L.R. Whether any legislative amendment on that account should be undertaken is also for consideration. ~~If~~

39 The three particular advantages mentioned by the Comptroller may be included in the draft order

NOTE—Contn. sheet

685 685 1/2

General and Revenue Secretariat | G.F. File No. | App. F. III—2] of 192 15

Serial No.

As pointed out by the Comptroller the proposed scheme provides for some improvements over the British Indian Postal Service and these are incorporated in the draft. The grant of some further facilities to the investors is also suggested by the Comptroller. The agency of the Savings Bank Collectors may be employed in connection with the issue and discharge of these certificates. The form of the certificate may be bilingual -- English and Kannada.

The amount invested in the certificates is practically call money, the amount of interest payable depending on the duration of the investment. I see no objection to accept them for payment of Government dues provided they are presented by the owner himself and there is no doubt about the identity of the presenter.

Regarding the grant of permission for transfers by endorsements I should wait till we have some experience of the working of the arrange ment. I have heard reports of uninformed holders of Government bonds of small denomination viz., Rs 12½/- having disposed them of for amounts very much less than their market value. This proposal may be deferred for the present.

The last suggestion permitting the holder to present the certificates for discharge at any treasury subject to the specified conditions may be accepted. I have put up a revised draft order for consideration.

(1st member)

DEWAN'S OFFICE 21 FEB. 1930 No. 2696

CHIEF SECRETARIAT 967 22 FEB. 1930

I agree. But this can be permitted, at any rate in the first instance, if presented at treasuries. It may not be desirable to allow the certificates to be accepted by Patels and others who receive Govt dues elsewhere than at treasuries. M

yes. This is what I meant. I agree. N may I circulate this with this member's remarks for favour of his remarks

I agree 19.2.30

Note—Contn. Sheet

WD 01684—GPB—30,000—20-4-29

To chief sec with compliments 22.2.30

Dewan) 21.2.30

2/2.30.

Serial No.

I think the scheme is very good & may be accepted. The amount realised by the certificates should be reserved & invested by 26.2.30

WD 021—GPB—30,000—21-8-28

Record of Cases submitted for the Orders of His Highness the Maharaja.

Subject.

Introduction of Cash Certificates as an adjunct to Government Savings Banks.

388

Order.

~~KRW~~

6/3/30

C. Secy

7-3-30

C221

General and Revenue Secretariat

Introduction of a System of "Treasury Certificates" on the lines of the Postal Cash Certificates.

(*)

31. All urgent or confidential files returned with His Highness' orders may in the absence of instructions or indications to the contrary, be ordinarily circulated to the Members of Council for perusal after the issue of orders.

33. The Secretaries concerned should see that orders in the cases referred to above are issued at once and that the files are returned immediately after to the Chief Secretary for circulation to the Members.

34. In all other cases, the files will first be circulated to the Members of Council at Headquarters and then sent to the Secretariat concerned for the issue of orders.

Circulated to Members of Council for perusal of His Highness' orders before/after issue of orders. (*Vide* Rules 31, 33 and 34 of the Subsidiary Rules for the conduct of business of Council in the Manual of Council Rules and Procedure.)

Chief Secretary to Government.

Through the Secretary to Government,

.....Department.

10/3/30

11530

5435 13/3

FIRST MEMBER OF COUNCIL. 13/3/30

6952 15/3

SECOND MEMBER OF COUNCIL. 17/3

8876 17/3

THIRD MEMBER OF COUNCIL. 14.3.31

NOTE.—Contn. sheet.

(For Disposal by Circulation)

No. C. 221

..... 1929-30

GENERAL AND REVENUE SECRETARIAT.

Council Matter.

SUBJECT.

Introduction of a system of "Treasury Certificates" on the lines of the Postal Cash Certificates.

CIRCULATED TO THE MEMBERS OF COUNCIL.

By Order,

24th Feby. 1930.

Chief Secretary to Government.

Extraordinary Member of Council

5079/24/2 **First Member of Council.** Much 25-2-30

6592/27/2 **Second Member of Council.** 27/2/30

8278/25/2 **Third Member of Council.** In favour of Trust as

8782/1/3 First Member 28/2 27/3/30

G.F.41.29.1 6862

GEN. & REV. SECTT.
7 AUG 1929
FINANCIAL BRANCH

FINANCIAL SECRETARY
6 AUG. 1929
NO

Vide remarks within

Mean time up a draft order with all necessary the scheme may be brought in to effect from 1st Sept 29. Submit - 6/8/29

Unofficial Note No.46/S.B. dated 3rd August ~~1929~~

I invite kind reference to my Note No.148/S.B.dated 1-3-29 in the Secretariat file which was sent to me for remarks (Vide U.O.No.Fl.39 dated 19-1-29) as regards the necessity for instituting a scheme of "Treasury Cash Certificates" similar to Postal Cash Certificates. I stated there that, as the scheme of Five Year Fixed Deposits had been sanctioned it was not necessary to introduce, in addition, the Scheme of Cash Certificates as, in many respects, they were both similar. I also mentioned there how, in certain respects, the Fixed Deposits differed from and were even better than, cash certificates.

2. I now find that there are some people who do not wish to draw interest annually on their deposits and would like it to accumulate till the date of repayment of the Deposit. Such people find it inconvenient to be required to draw interest annually on their Fixed Deposits and present the Fixed Deposit Receipts at the Treasury for note of interest payment. To meet the conveniences of such investors, a system of cash certificates, as in the Post Offices, is necessary and I recommend its adoption.

3. I may say at the outset that there is no objection to have both schemes in force simultaneously e.g. Each will appeal to a different class of investors.

4. In adopting the Scheme of Cash Certificates, we will have to follow, as far as possible, the conditions attaching to Postal Cash Certificates of the Government of India and give the same facilities as, otherwise, an investor would prefer to leave his money in the Postal Cash Certificates.

5. The rate of interest on Postal Cash Certificates has varied from time to time as noted below. From 1-7-27, they were issued so as to yield 4½% Compound interest

and

and this rate has been raised to 5¼% with effect from 1-8-1929 (Vide page 919 Part I of Government of India Gazette dated 20-7-1929)

	Rate of compound interest
Prior to 2-4-1923	5¼%
From 2-4-1923 to 31-3-1926 ...	6 %
" 1-4-1926 to 30-6-1927 ...	5¼ %
" 1-7-1927 to 31-7-1929 ...	4½ %
" 1-8-1929	5¼ %

6. The detailed table showing the amounts payable on Postal Cash Certificates issued from 1st August 1929 is given in the annexed statement.

7. The Rules regarding the issue of Postal Cash Certificates are given in Section VII (Pages 135 to 139) of the Post and Telegraph Guide to which kind reference is invited.

8. I recommend the adoption of a system of Treasury Cash Certificates on the same lines and conditions as the Postal Cash Certificates and adopting the table noted above which yields ~~the~~ 5¼% compound interest for 5 years.

~~9.~~ I invite particular attention to some special points connected with these rules and rates.

9. Though the issue price and rate of interest of Postal Cash Certificates from 1-8-29 are the same as those in force prior to 1-7-1927, the amounts allowed to be repaid for intermediate periods are slightly less than in the old table. If Government so desire, we may adopt the old table (Table A.) found in page 137 of the Postal Guide, so that our issue may be more attractive than the Government of India issue. Considering that we are allowing 4½% interest on Savings Banks Deposits of over a year, the old rates may not be considered too liberal. A comparison of the effective rate of interest (compound) for intermediate periods under the old and the new tables is

2

I am unable to this proposal by 6/8

given below -

	As per ~~in force prior~~ new table subsequent to 1-7-1927 (1-8-29)	As per ~~new~~ table in force prior ~~subsequent to 1-8-29~~ (1-7-27)
(a) After one year	~~3 1/4~~ %	4%
(b) After two years	4 %	4 3/8%
(c) After three years	4 1/8%	4 5/8%
(d) After four years	4 ½%	4 7/8%

10. From the ~~Total~~ Postal table it will be seen that no interest is payable if the amount is withdrawn within one year. In view of the fact that interest at 3 1/8% is allowed on monthly minimum balances in respect of Savings Bank Deposit transactions and to make our issue more attractive, it appears reasonable to allow some interest in respect of certificates surrendered after six months and within one year. I would suggest that the amounts payable at the end of 6 and 9 months may be fixed as follows:

May be accepted

Amount due on Certificate for

If payment is claimed	Rs 10	Rs 20	Rs 50	Rs 100	Rs 500	Rs 1000
After 6 months	7-13- 9	15-11-6	39-4-9	78-9-6	392-15- 6	785-15- 0
After 9 months	7-14- 9	15-13-6	39-9-9	79-3-6	396- 1- 6	792- 3- 0

certainly

I would not give any interest for withdrawals made within 6 months, as there is the risk of these deposits being made use of for remitting money from place to place.

11. It will be noticed that these cash certificates have the advantage of being repayable on demand, at any treasury, and carry a higher rate of interest than Fixed Deposits and consequently a maximum limit of Rs 10,000 has been laid down, in respect of the total amount of cash certificates which may be held by one person. (Vide Rule 1(4)). This limit is necessary in our case. We may however say that larger amounts could also be invested but Special Sanction of the Comptroller

This is a good idea. We have to provide facilities for withdrawing small amounts

would be necessary for their acceptance & for their repayment t= 4 = within five years, which will be allowed only in exceptional cases.

12. The Five year Fixed Deposits will, however, continue to be popular with those who wish to draw interest every year and who wish to deposit large sums of over Rs. 10,000/-.

13. Whether the minimum for cash certificates may be retained at Rs. 10 as in the Postal Department is a matter for consideration. The labour involved in keeping accounts of such small amounts is disproportionately large. But if the minimum is reduced to Rs. 50/-, our scheme will be less attractive than the Postal Scheme.

This limit may remain. Vide remarks alm

14. One attractive feature of Postal Cash Certificates is that they are transferable while the Fixed Deposits are not transferable. The rules also provide for the certificates being sub-divided or consolidated with others as the holder likes.

under certain Conditions

being

15. These Treasury Certificates may be made adjuncts to the Savings Bank and the same rules, regarding repayment of money relating to deceased holders and for nominations, made applicable to them and necessary amendments made to the Savings Bank Rules to provide for this.

16. In this connection, it is for the consideration of Government whether, after the introduction of these Cash Certificates, it is not desirable and necessary (1) to limit the maximum amount that a depositor may have at his credit in the ordinary Savings Bank Account, and (2) to reduce the rate of interest in the ordinary Savings Bank Account from 4½ to 4% in the case of amounts remaining undrawn for 12 months.

These questions may be taken up for consideration after some loan operations in Mysore ? The conversion loan in replacement ? the 5% loan early matur

Our Capital position does not admit of action being taken in undue haste as suggested.

S. Chamarao.
Comptroller.

for

To

The Financial Secretary
to the Government of Mysore,
Bangalore.

(with compliments)

If payment is claimed -	Amount due on certificate for					
	Rs 10	Rs 20	Rs 50	Rs 100	Rs 500	Rs 1000
Within one year from date of issue.						
Amount originally paid	7-12-0	15- 8-0	38-12-0	77- 8- 0	387- 8- 0	775- 0- 0
After 1 complete year from date of issue.	8- 0-0	16- 0-0	40- 0-0	80- 0- 0	400- 0- 0	800- 0- 0
After 15 complete months	8- 1-6	16- 3-0	40- 7-6	80-15- 0	404-11- 0	809- 6- 0
" 18 " "	8- 3-0	16- 6-0	40-15-0	81-14- 0	409- 6- 0	818-12- 0
" 21 " "	8- 4-6	16- 9-0	41- 6-6	82-13- 0	414- 1- 0	828-12- 0
" 2 " years	8- 6-0	16-12-0	41-14-0	83-12- 0	418-12- 0	837- 8- 0
" 27 " months	8- 7-6	16-15-0	42- 5-6	84-11- 0	423- 7- 0	846-14- 0
" 30 " "	8- 9-0	17- 2-0	42-13-0	85-10- 0	428- 2- 0	856- 4- 0
" 33 " "	8-10-6	17- 5-0	43- 4-6	86- 9- 0	432-13- 0	865-10- 0
" 3 " years	8-12-0	17- 8-0	43-12-0	87- 8- 0	437- 8- 0	875- 0- 0
" 39 " months	8-14-0	17-12-0	44- 6-0	88-12- 0	443-12- 0	887- 8- 0
" 42 " "	9- 0-0	18- 0-0	45- 0-0	90- 0- 0	450- 0- 0	900- 0- 0
" 45 " "	9- 2-0	18- 4-0	45-10-0	91- 4- 0	456- 4- 0	912- 8- 0
" 4 " years	9- 4-0	18- 8-0	46- 4-0	92- 8- 0	462- 8- 0	925- 0- 0
" 51 " months	9- 7-0	18-14-0	47- 3-0	94- 6- 0	471-14- 0	943-12- 0
" 54 " "	9-10-0	19- 4-0	48- 2- 0	96- 4- 0	481- 4- 0	962- 8- 0
" 57 " "	9-13-0	19-10-0	49- 1- 0	98- 2- 0	490-10- 0	981- 4- 0
" 5 " years	10- 0-0	20- 0-0	50- 0- 0	100- 0- 0	500- 0- 0	1000- 0- 0

S.O.

PROCEEDINGS OF THE GOVERNMENT OF
HIS HIGHNESS THE MAHARAJA OF MYSORE.

----oOo----

R e a d.-

1. Government Order No. Fl.5520-80/G.F. 85-27-5 dated the 11th January 1928 directing that with effect from 1st January 1928 interest at 5 per cent per annum be allowed on amounts deposited in the Govt Savings Banks with declarations by depositors that they will not be withdrawn for a period of 5 years from date of deposit.

2. Correspondence ending with Note No. 46/S.B. dated 3rd August 1929 from the Comptroller to Government suggesting further facility for investment of savings by the introduction of a system of "Treasury Certificates".

(To be read in extenso).

Order No. Fl. 6009/G.741-29-2 dated 15th March 1930
Bangalore, dated the 10 ~~February~~ 15 March 1930.

Government are pleased to approve of the Comptroller's suggestion to introduce a system ~~of issue~~ of Cash Certificates as an adjunct to the Government Savings Banks and direct that the Scheme be brought into operation as soon as arrangements can be made for the ~~ir~~ issue of Certificates over the counter.

Treasury

2. The main features of the ~~new~~ Scheme are as follows:-

(1) The investment bonds will be known as Mysore Government Savings Certificates.

(2) The amounts invested in the Savings Certificates will be allowed compound interest at the rate of 5¼ per cent per annum for a maximum period of 5 years. The effective rates of compound interest for intermediate periods will be as under:-

(a)	After 1 year			and up to 2 years.	4%
(b)	"	2	Do.	3 "	4⅜%
(c)	"	3	Do.	4 "	4⅝%
(d)	"	4	Do.	5 "	4⅞%

(3) Option is allowed to withdraw the amounts invested even within one year provided that no interest is payable for withdrawals within 6 months.

(4) The minimum face value of the certificates to be purchased will be Rs. 10/-.

(5) The amount of certificates to be held by one person will not exceed the face value of Rs. 10,000/- in the aggregate. But subscriptions for a larger holding may be accepted by the Comptroller subject to such special conditions for repayment as may be prescribed by rules.

(6) The following table gives the purchase value of the certificates and the amounts repayable on demand on expiry of different periods:—

If payment is claimed.	Amount due on certificate for																	
	Rs.10			Rs. 20			Rs.50			Rs.100			Rs.500			Rs.1,000		
	Rs.	A.	P.	Rs.	A.	P.	Rs.	A.	P.	Rs.	A.	P.	Rs.	A.	P.	Rs.	A.	P.
Amount originally paid, viz.	7	12	0	15	8	0	38	12	0	77	8	0	387	8	0	775	0	0
After 6 months.	7	13	9	15	11	6	39	4	9	78	9	6	392	15	6	785	15	0
" 9 months.	7	14	9	15	13	6	39	9	9	79	3	6	396	1	6	792	3	0
After one complete year from date of issue.	8	1	0	16	2	0	40	5	0	80	10	0	403	2	0	806	4	0
After 15 complete months.	8	2	6	16	5	0	40	12	6	81	9	0	407	13	0	815	10	0
" 18 " " ...	8	4	0	16	8	0	41	4	0	82	8	0	412	8	0	825	0	0
" 21 " " ...	8	5	6	16	11	0	41	11	6	83	7	0	417	3	0	834	6	0
" 2 " years. ...	8	7	0	16	14	0	42	3	0	84	6	0	421	14	0	843	12	0
" 27 " months. ...	8	8	6	17	1	6	42	11	9	85	7	6	427	5	6	854	11	0
" 30 " " ...	8	10	6	17	5	0	43	4	6	86	9	0	432	13	0	865	10	0
" 33 " " ...	8	12	3	17	8	6	43	13	3	87	10	6	438	4	6	876	9	0
" 3 " years. ...	8	14	0	17	12	0	44	6	0	88	12	0	443	12	0	887	8	0
" 39 " months. ...	9	0	0	18	0	0	45	0	0	90	0	0	450	0	0	900	0	0
" 42 " " ...	9	2	0	18	4	0	45	10	0	91	4	0	456	4	0	912	8	0
" 45 " " ...	9	4	0	18	8	0	46	4	0	92	8	0	462	8	0	925	0	0
" 4 " years. ...	9	6	0	18	12	0	46	14	0	93	12	0	468	12	0	937	8	0
" 51 " months	9	8	6	19	1	0	47	10	6	95	5	0	476	9	0	953	2	0
" 54 " " ...	9	11	0	19	6	0	48	7	0	96	14	0	484	6	0	968	12	0
" 57 " " ...	9	13	6	19	11	0	49	13	6	98	7	0	492	3	0	984	6	0
" 5 " years. ...	10	0	0	20	0	0	50	0	0	100	0	0	500	0	0	1,000	0	0

(7) The certificates may be obtained by intending investors at all Government Treasuries in the State, and arrangements facilities will also be made for their sale through Savings Bank collectors wherever they are now employed on Savings Bank work.

(8) The certificates will be accepted in payment of Government dues as equivalent of cash according to the table given in para (6). if presented at the treasuries.

(9) The certificates should ordinarily be presented for discharge at the issuing treasury provided the identity of the holder is clear and there are no technical points involved, but certificates of not more than Rs. 500/- may be accepted for discharge at any treasury or by the Savings Bank collectors. subject to such conditions as may be prescribed by the Govt

(10) The certificates will be transferable and may be subdivided or consolidated subject to conditions specified in the rules which will be issued separately.

3 The Comptroller is requested to submit for approval of Government, detailed rules governing the ~~issue, grant, repayment~~ sale, transfer, subdivision, consolidation, discharge and cancellation of certificates.

(11) Certificates will be bilingual and printed in English and Kannada.

13. The questions raised in para 16 of the Comptroller's Note referred to in the preamble are reserved for consideration.

19.2.30

FINANCIAL SECRETARY TO GOVERNMENT.

Print

To

The Comptroller to Government.

Mins 21(2/30

E.W.M/3.

Government of his highness the Maharaja of Mysore.

GENERAL AND REVENUE DEPARTMENTS.

G. O. No. Fl. 6009—G. F. 41-29-2, dated 10th March 1930.

Introduction of "Savings Certificates."

Approves of the Comptroller's suggestion for the —— as an adjunct to Government Savings Banks.

READ—

Government Order No. Fl. 5520-80—G. F. 85-27-5, dated the 11th January 1928, directing that with effect from 1st January 1928, interest at 5 per cent per annum be allowed on amounts deposited in the Government Savings Banks with declarations by depositors that they will not be withdrawn for a period of 5 years from date of deposit.

2. Correspondence ending with Note No. 46—S. B. dated 3rd August 1929, from the Comptroller to Government, suggesting further facilities for investment of savings by the introduction of a system of "Treasury Certificates."

"I invite kind reference to my Note No. 148—S. B. dated 1st March 1929, in the Secretariat file which was sent to me for remarks (*Vide* U. O. No. Fl. 39, dated 19th January 1929), as regards the necessity for instituting a scheme of "Treasury Cash Certificates" similar to Postal Cash Certificates. I stated there that as the scheme of Five Year Fixed Deposits had been sanctioned it was not necessary to introduce, in addition, the scheme of Cash Certificates, as in many respects, they were both similar. I also mentioned there how, in certain respects, the Fixed Deposits differed from and were even better than cash certificates.

2. I now find that there are some people who do not wish to draw interest annually on their deposits and would like it to accumulate till the date of repayment of the deposit. Such people find it inconvenient to be required to draw interest annually on their Fixed Deposits and present the Fixed Deposit Receipts at the Treasury for note of interest payment. To meet the conveniences of such investors, a system of cash certificates, as in the Post Offices, is necessary and I recommend its adoption.

3. I may say at the outset that there is no objection to have both schemes in force simultaneously as each will appeal to a different class of investors.

4. In adopting the Scheme of Cash Certificates, we will have to follow, as far as possible, the conditions attaching to Postal Cash Certificates of the Government of India and give the same facilities as, otherwise, an investor would prefer to leave his money in the Postal Cash Certificates.

5. The rate of interest on Postal Cash Certificates has varied from time to time as noted below. From 1st July 1927, they were issued so as to yield 4½ per cent compound interest and this rate has been raised to 5¼ per cent with effect from 1st August 1929 (*Vide* page 919 Part I of Government of India Gazette dated 20th July 1929).

	Rate of compound interest.
Prior to 2nd April 1923	5½ %
From 2nd April 1923 to 31st March 1926 ..	6 %
„ 1st April 1926 to 30th June 1927 ..	5½ %
„ 1st July 1927 to 31st July 1929 ..	4½ %
„ 1st August 1929 ..	5¼ %

6. The detailed table showing the amounts payable on Postal Cash Certificates issued from 1st August 1929, is given in the annexed statement.

7. The rules regarding the issue of Postal Cash Certificates are given in Section VII (Pages 135 to 139) of the Post and Telegraph Guide to which kind reference is invited.

8. I recommend the adoption of a system of Treasury Cash Certificates on the same lines and conditions as the Postal Cash Certificates and adopting the table noted above which yields 5¼ per cent compound interest for 5 years. I invite particular attention to some special points connected with these rules and rates.

9. Though the issue price and rate of interest of Postal Cash Certificates from 1st August 1929, are the same as those in force prior to 1st July 1927, the amounts allowed to be repaid for intermediate periods are slightly less than in the old table. If Government so desire, we may adopt the old table (Table A) found in page 137 of the Postal Guide so that our issue may be more attractive than the

No. Fl. 6009—G. F. 41-29-2, dated 10th March 1930.

Government of India issue. Considering that we are allowing 4½ per cent interest on Savings Banks Deposits of over a year, the old rates may not be considered too liberal. A comparison of the effective rate of interest (compound) for intermediate periods under the old and new tables is given below:—

	As per new table subsequent to 1st August 1929.	As per table in force prior to 1st July 1927.
(*a*) After one year ...	... 3¼% about,	.. 4%
(*b*) After two years ..	... 4%	.. 4⅜%
(*c*) After three years ...	... 4 ⅛%	.. 4⅝%
(*d*) After four years ..	.. 4½%	.. 4⅞%

10. From the postal table it will be seen that no interest is payable if the amount is withdrawn within one year. In view of the fact that interest at 3 1/8% is allowed on monthly minimum balances in respect of Savings Bank Deposit transactions and to make our issue more attractive, it appears reasonable to allow some interest in respect of certificate surrendered after six months and within one year. I would suggest that the amounts payable at the end of 6 and 9 months may be fixed as follows:—

Amount due on certificates for.

If payment is claimed	Rs. 10	Rs. 20	Rs. 50	Rs. 100	Rs. 500	Rs. 1,000
	Rs. a. p.	Rs. a. p.	Rs. a. p.	Rs. a. p.	Rs. a. p.	Rs. a. p.
After 6 months ...	7 13 9	15 11 6	39 4 9	78 9 6	392 15 6	785 15 0
After 9 months ...	7 14 9	15 13 6	39 9 9	79 3 6	396 1 6	792 3 0

I would not give any interest for withdrawals made within six months, as there is the risk of these deposits being made use of for remitting money from place to place.

11. It will be noticed that these cash certificates have the advantage of being repayable on demand at any treasury, and carry a higher rate of interest than Fixed Deposits and consequently a maximum limit of Rs. 10,000 has been laid down, in respect of the total amount of cash certificates which may be held by one person. (*Vide* Rule 1 (4). This limit is necessary in our case. We may however say that larger amounts could also be invested but special sanction of the Comptroller would be necessary for their acceptance and for their repayment within five years which will be allowed only in exceptional cases.

12. The Five Year Fixed Deposits will, however, continue to be popular with those who wish to draw interest every year and who wish to deposit large sums of over Rs. 10,000.

13. Whether the minimum for cash certificates may be retained at Rs. 10 as in the Postal Department is a matter for consideration. The labour involved in keeping account of such small amounts is disproportionately large. But if the minimum is reduced to Rs. 50 our scheme will be less attractive than the Postal Scheme.

14. One attractive feature of Postal Cash Certificates is that they are transferable under certain conditions while the Fixed Deposits are not transferable. The rules also provide for the certificates being sub-divided or being consolidated with others as the holder likes.

15. These Treasury Certificates may be made adjuncts to the Savings Bank and the same rules, regarding repayment of money relating to deceased holders and for nominations, made applicable to them and necessary amendments made to the Savings Bank Rules to provide for this.

16. In this connection, it is for the consideration of Government whether after the introduction of these Cash Certificates it is not desirable and necessary

(1) to limit the maximum amount that a depositor may have at his credit in the ordinary Savings Bank Account, and,

(2) to reduce the rate of interest in the Ordinary Savings Bank Account from 4½ per cent to 4 per cent in the case of amounts remaining undrawn for 12 months.

Order No. Fl. 6009—G. F. 41-29-2, dated 10th March 1930.

Government are pleased to approve of the Comptroller's suggestion to introduce a system of Cash Certificates as an adjunct to the Government Savings Banks and direct that the scheme be brought into operation as soon as arrangements can be made for the issue of Certificates over the Treasury counter.

2. The main features of the scheme are as follows:—

(1) The investment bonds will be known as Mysore Government Savings Certificates.

(2) The amounts invested in the Savings Certificates will be allowed compound interest at the rate of 5¼% per annum for a maximum period of 5 years. The effective rates of compound interest for intermediate periods will be as under:—

(*a*) After 1 year and up to 2 years 4%
(*b*) „ 2 years „ 3 „ 4⅜%
(*c*) „ 3 „ „ 4 „ 4⅝%
(*d*) „ 4 „ „ 5 „ 4⅞%

(3) Option is allowed to withdraw the amounts invested even within one year provided that no interest is payable for withdrawals within 6 months.

(4) The minimum face value of the certificates to be purchased will be Rs. 10.

(5) The amount of certificates to be held by one person will not exceed the face value of Rs. 10,000 in the aggregate. But subscriptions for a larger holding may be accepted by the Comptroller subject to such special conditions for repayment as may be prescribed.

(6) The following table gives the purchase value of the certificates and the amounts repayable on demand on expiry of different periods.

If payment is claimed	Amount due on certificate for					
	Rs. 10	Rs. 20	Rs. 50	Rs. 100	Rs. 500	Rs. 1,000
	Rs. a. p.	Rs. a. p.	Rs. a. p.	Rs. a. p.	Rs. a. p.	Rs. a. p.
Amount originally paid, *viz.*, ...	7 12 0	15 8 0	38 12 0	77 8 0	387 8 0	775 0 0
After 6 months	7 13 9	15 11 6	39 4 9	78 9 6	392 15 6	785 15 0
Do 9 months	7 14 9	15 13 6	39 9 9	79 3 6	396 1 6	792 3 0
Do one complete year from date of issue.	8 1 0	16 2 0	40 5 0	80 10 0	403 2 0	806 4 0
Do 15 complete months ...	8 2 6	16 5 0	40 12 6	81 9 0	407 13 0	815 10 0
Do 18 do do ...	8 4 0	16 8 0	41 4 0	82 8 0	412 8 0	825 0 0
Do 21 do do ...	8 5 6	16 11 0	41 11 6	83 7 0	417 3 0	834 6 0
Do 2 do years ...	8 7 0	16 14 0	42 3 0	84 6 0	421 14 0	843 12 0
Do 27 do months ...	8 8 9	17 1 6	42 11 9	85 7 6	427 5 6	854 11 0
Do 30 do do ...	8 10 6	17 5 0	43 4 6	86 9 0	432 13 0	865 10 0
Do 33 do do ...	8 12 3	17 8 6	43 13 3	87 10 6	438 4 6	876 9 0
Do 3 do years ...	8 14 0	17 12 0	44 6 0	88 12 0	443 12 0	887 8 0
Do 39 do months ...	9 0 0	18 0 0	45 0 0	90 0 0	450 0 0	900 0 0
Do 42 do do ...	9 2 0	18 4 0	45 10 0	91 4 0	456 4 0	912 8 0
Do 45 do do ...	9 4 0	18 8 0	46 4 0	92 8 0	462 8 0	925 0 0
Do 4 do years ...	9 6 0	18 12 0	46 14 0	93 12 0	468 12 0	937 8 0
Do 51 do months ...	9 8 6	19 1 0	47 10 6	95 5 0	476 9 0	953 2 0
Do 54 do do ...	9 11 0	19 6 0	48 7 0	96 14 0	484 6 0	968 12 0
Do 57 do do ...	9 13 6	19 11 0	49 3 6	98 7 0	492 3 0	984 6 0
Do 5 do years ...	10 0 0	20 0 0	50 0 0	100 0 0	500 0 0	1,000 0 0

(7) The certificates may be obtained by intending investors at all Government Treasuries in the State, and arrangements will also be made for their sale through Savings Bank collectors wherever they are now employed on Savings Bank work.

(8) The certificates will be accepted in payment of Government dues as equivalent of cash according to the table given in para (6) if presented at the Treasuries.

(9) The certificates should ordinarily be presented for discharge at the issuing treasury but provided the identity of the holder is clear and there are no technical points involved certificates of not more than Rs. 500 may be accepted for discharge at any treasury or by the Savings Bank collectors, subject to such conditions as may be prescribed by the rules.

(10) The certificates will be transferable and may be sub-divided or consolidated subject to conditions specified in the rules which will be issued separately.

(11) Certificate will be bilingual and printed in English and Kannada.

3. The Comptroller is requested to submit for approval of Government, detailed rules governing the sale, transfer, sub-division, consolidation, discharge and cancellation of Certificates.

4. The questions raised in para 16 of the Comptroller's note referred to in the preamble are reserved for consideration.

B. SRINIVASA IYENGAR,
Financial Secretary to Government.

To—The Comptroller to Government.

W D 2797—G F B—625—14-4-30.